

AGREEMENT made as of this 30th day of January, 1975, by and between Jennings Gary Dorn (hereinafter referred to as "Owner") and McCormick Drilling and Exploration Company, a partnership (hereinafter referred to as "Grantee").

W I T N E S S E T H :

WHEREAS, Owner is the owner of certain real property located in the County of McCormick, State of South Carolina; and

WHEREAS, Owner desires to grant to Grantee a license to explore, an option to lease, and an option to purchase on the terms hereinafter provided;

NOW, THEREFORE, in consideration of the premises, \$10.00 and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

A. General

1. Owner represents and warrants that he is the owner of the entire fee simple title in and to the real property described in Schedule A annexed hereto and made a part hereof, located in the County of McCormick, State of South



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U.S. EPA REGION IV

SDMS

POOR LEGIBILITY

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From the Displays Settings in Windows Control Panel: -

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1. For dark image page, increase the brightness and decrease the contrast.
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**** PLEASE CONTACT THE APPROPRIATE RECORDS CENTER TO VIEW THE MATERIAL****

Carolina, containing ^{300 +} ~~300~~ acres, more or less and the improvements located thereon together with the mineral rights thereto (the "Property"), free and clear of any liens and encumbrances.

2. Owner agrees that from and after the date hereof he will not do or suffer anything to be done whereby the Property will be encumbered in any manner whatsoever.

3. This Agreement shall supersede the agreement between Owner and William Randolph Morin dated on or about June, 1974 (the "Prior Agreement") and said Prior Agreement is hereby terminated and shall be of no further force and effect.

4. Except where otherwise specifically stated, all references in this Agreement to Property shall (i) from and after the date of the delivery of the Notice of Exercise (as set forth in Section C), be deemed to refer to the entire Property, or if less than the entire Property is leased pursuant to Section C (2)(b) to that portion of the Property with respect to which the right to lease, pursuant to Section C, is exercised by the Grantee, and (ii) from and after the date of delivery of any Partial Termination Notice pursuant to Section C (2)(d), be deemed to refer to that portion of the Property remaining subject to this Lease Agreement.

5. At any time and from time to time Owner shall, upon the written request of Grantee, furnish Grantee an abstract of title prepared by a competent abstracter showing

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good, clear and merchantable title to the Property brought down to the date of the written request. Grantee shall have 60 days to examine such abstract. If Owner fails to deliver such abstract within 30 days after receipt of the written request, Grantee shall have the right to procure such abstract at Owner's expense; provided that Grantee shall pay for any abstracts requested by him hereunder in excess of one. If the abstract, whether furnished by Owner or procured by Grantee shows correctable defects in title, Owner agrees to cure the same at its own expense. If Owner fails to do so, Grantee shall have the right to initiate and conduct in Owner's name such proceedings as may be necessary for the correction of such defects and Grantee shall be authorized to use Owner's name in any court proceeding necessary to make such title good, clear and merchantable. Any expense incurred by Grantee in such proceedings shall be paid by the Owner. In the event Owner fails to make such payments, Grantee, at its option, may make such payments and credit the amount thereof to the royalties payable to Owner hereunder pursuant to Section C or to the purchase price payable upon any exercise of the Purchase Option pursuant to Section D. If Grantee is of the opinion that any defect in Owner's title cannot be corrected, Grantee shall (without affecting any other rights he may have as a result thereof) have the right to terminate the Lease Agreement (if in effect pursuant to Section C) upon 30 days notice.

B. Exploration License

1. Owner hereby grants to Grantee and his agents, employees, representatives, independent contractors and designees the exclusive license and right to explore and prospect for deposits of gold, silver, copper and all other ores and minerals (but not oil, gas and other liquid hydrocarbons) on and in all or any portion of the Property which Grantee shall, in his discretion, deem appropriate (the "Exploration License").

2. (a) The term of this Exploration License shall commence on the date hereof and end six (6) years from the date hereof (the "Expiration Date") unless sooner terminated as hereinafter provided.

(b)(1) In consideration of the payment of \$500.00 (the "Renewal Price") payable as hereinafter provided, Grantee shall have the option to renew this Exploration License for an additional two (2) years (the "Renewal Period") commencing on the first day following the Expiration Date.

(11) Such option to renew is exercisable by delivery of notice thereof in writing not less than 30 days nor more than one year before the Expiration Date, together with payment of the Renewal Price.

3. In consideration of the grant of such Exploration License, Grantee pays herewith to Owner \$100.00, receipt of which is hereby acknowledged.

4. Grantee shall have access to any and all portions of the Property which he, in his discretion, shall deem appropriate and shall have the right to use all or any portion of the Property for any purpose relating to the prospecting and exploration of the Property as he shall deem convenient and

to take such action in this connection as he shall deem appropriate, including but not limited to the privilege of building such facilities and access roads as are reasonably necessary in connection with the prospecting and exploration operations, the privilege of cutting timber and other growth for such purposes, sinking shafts, drilling holes, digging test pits and the privilege of using such other facilities on the Property as are reasonably necessary in connection with such prospecting operations. In addition, Grantee shall have the right to take any such action on the Property as may be necessary in connection with the exploration and prospecting of any other property with respect to which Grantee may be conducting exploration, prospecting or mining activities.

5. Grantee shall proceed with reasonable diligence to conduct prospecting and exploration operations, on the Property during the term hereof, using such methods and in such places as he shall in his own discretion and at his own expense determine.

6. All ores and minerals extracted by Grantee from the Property prior to the Effective Date of the Lease Agreement (as hereinafter set forth in Section C) or the exercise of the Purchase Option (as hereinafter set forth in Section D) whichever shall occur sooner shall be and remain the property of Owner; provided, however, that Grantee shall have the right to take as his own for assay samples, metallurgical work and

mill tests, such minerals, ores or other materials as he shall deem reasonably necessary to determine the existence, location, extent, treatability, mineability and economics of ores and minerals on the Property.

7. In conducting prospecting and exploration operations Grantee agrees to cause no unnecessary damage to the Property or the improvements or crops thereon.

8. No equipment, tools, machinery, improvements or personal property of any nature or description brought, constructed or placed on the Property by Grantee shall become a fixture, but all such equipment, structures, improvements and other property shall remain the property of Grantee subject to removal by Grantee. Grantee shall be entitled to remove all such equipment, tools, machinery, structures, improvements and personal property from the Property at such times as he shall deem appropriate but not later than 180 days after the expiration of this Exploration License or 24 months after the expiration or termination of the Lease Agreement (as hereinafter set forth in Section C) whichever shall occur later.

9. Grantee shall not be liable for any damage to the Property or improvements thereon nor shall he be liable to restore the surface or subsurface; provided that Grantee shall pay to Owner the fair market value of any crops or timber destroyed by him.

10. Grantee agrees to save Owner harmless and fully indemnified against all claims and demands of every character and nature which may be made upon Owner on account of any

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acts or omissions of Grantee arising out of this Exploration License.

11. This Exploration License may be transferred, assigned, sublicensed, pledged or otherwise disposed of by Grantee, in whole or in part, without the consent of Owner.

12. Notwithstanding any provision which may be contained herein to the contrary, Grantee shall have the absolute right to terminate this License Agreement upon thirty (30) days advance written notice in which event Grantee shall be released, relieved and discharged of and from any further obligation hereunder.

13. This Exploration License shall terminate on the Effective Date of the Lease Agreement or the exercise of the Purchase Option, whichever shall occur sooner.

C. Lease Agreement

1. Owner hereby agrees to lease the Property (or any portion thereof as set forth in the Notice of Exercise as hereinafter defined) to Grantee exclusively, and Grantee shall have the exclusive right to lease the Property (or any such portion thereof) from the Owner on the terms and conditions hereinafter set forth (said agreement to lease hereinafter referred to as the "Lease Agreement").

2. (a) The Lease Agreement shall become effective (the "Effective Date") on the date set forth in a written notice delivered by Grantee to Owner of the exercise of his

right to lease the Property, or a portion thereof (the "Notice of Exercise"), which date shall be not later than 90 days after the date of delivery of the Notice of Exercise and without any further action by either party.

(b) In the event Grantee does not desire to lease the entire Property, the Notice of Exercise shall set forth, in reasonable detail, the tract or tracts included in the Property as to which the Grantee is exercising his right to lease and the remaining portion of the Property shall thereafter cease to be subject to the terms of this Agreement except as otherwise set forth herein.

(c) Notwithstanding anything contained herein to the contrary, the Notice of Exercise must be delivered on or before the Expiration Date or the expiration of the Renewal Period (if any) whichever shall occur later as set forth in Section B, Paragraph 2 above.

(d) At any time and from time to time after the Effective Date Grantee shall have the right to terminate this Lease Agreement as to a portion of the Property leased as herein provided. Such right shall be exercisable by the delivery to Grantee of a written notice (the "Partial Termination Notice") specifying in reasonable detail the tract or tracts as to which Grantee desires to terminate the Lease Agreement and such tract or tracts shall thereafter cease to be subject to the terms of this Agreement except as otherwise set forth herein. Such Partial Termination Notice shall be effective on the first day of the month following delivery thereof.

3. The term of the Lease Agreement shall commence on the Effective Date and shall continue for a period of thirty (30) years from the date thereof, and for as long thereafter as gold, silver or copper, or other ores or minerals shall be mined and marketed from the Property in commercial quantities.

4. The Property leased hereunder includes, without limitation, the rights to gold, silver, copper, and any and all other ores, minerals and mineral rights (other than oil, gas and other liquid hydrocarbons), veins, lodes, and deposits in, upon or under, or extending from or into, any part of the Property and including, without limitation, all water and water rights, and all easements and rights of way owned or held by Owner in, upon, under or pertaining to any of the Property.

5. The Property leased to the Grantee is leased together with an exclusive grant by Owner to Grantee to mine the Property for gold, silver, copper, and any and all other ores and minerals (other than oil, gas and other liquid hydrocarbons), and together with the exclusive right to quarry, mine, mill, process, remove and market such ores and minerals or any ores and minerals located on any other property with respect to which Grantee may be conducting mining, prospecting or exploration activities.

6. From and after the Effective Date Grantee shall proceed to conduct mining operations with reasonable diligence pursuant to the Lease Agreement in such manner, using such

methods and at such places as Grantee shall, in his sole discretion determine.

7. Grantee may conduct such mining operations by any mining method including, without limitation, underground, open-pit and strip mining.

8. Grantee shall have access to any and all portions of the Property and the right to take such actions as he shall deem appropriate including, without limitation, the right to use explosives, make excavations, construct buildings, mills, openings, ditches, drains, roads, electrical facilities and other improvements that are or may become suitable or necessary for the mining, processing and removal of ores and minerals from the Property, together with the privilege of cutting timber or other growth for mining purposes and the privilege of using such other facilities on the Property as are reasonably necessary in connection with such operations.

9. Grantee shall have the right to use any available water on the Property for washing and processing mineral products removed. Grantee shall also have the right to sink wells for the purpose of obtaining additional water if additional water is necessary. Grantee may store water on such portions of the Property as he deems necessary in mining operations, and he may build and maintain settling basins, tailing ponds, canals and dikes and lay such pipes as he may deem necessary for the conveyance of water to such portions

of the Property as Grantee deems necessary. Grantee shall also have access to and use of all water facilities, privileges and other rights of Owner in connection with the Property, and shall have the right at his own expense to take such action or institute such judicial or administrative proceedings as he shall deem appropriate in his name or in the name of the Owner to enforce such rights and privileges.

10. Grantee shall have the right to stockpile on the Property, ore and minerals mined under this Lease Agreement and such waste and other material as he may deem necessary.

11. Any action permitted to be taken on the Property pursuant to the mining operations conducted under this Agreement may also be taken on the Property if deemed appropriate by Grantee in connection with any prospecting, exploration and mining operations conducted by Grantee on any other property.

12. (a)(1) Grantee shall pay Owner an annual advance royalty hereunder (hereinafter referred to as the "Advance Royalty" or "Advance Royalties"). The Advance Royalty shall be payable on the Effective Date of the Lease Agreement and on each anniversary thereof and shall be an amount equal to \$10 multiplied by the number of acres of the Property subject to the Lease Agreement on such anniversary date.

(11) The aggregate amount of Advance Royalties paid shall be recovered by Grantee by crediting such amount against, and in satisfaction of his obligation to pay

any and all royalties due pursuant to Paragraph 12(b), 13A and 14 (including any Underpayment payable by Grantee pursuant to Paragraph 14) until the full aggregate amount has been recovered, and such credits shall be deemed payments for purpose of computing the amount of any Underpayment or Over Payment pursuant to Paragraph 14.

(b) Grantee shall also pay to Owner (in the manner set forth in Paragraph 14) as a royalty for the lease of the Property the following percentages of Net Smelter Returns Per Quarter as hereinafter defined, depending upon the Ounces of Gold Recovered Per Ton of Crude Ore as hereinafter defined.

<u>Ounces of Gold Recovered Per Ton of Crude Ore</u>	<u>Percentage of Net Smelter Returns Per Quarter</u>
Less than 0.1	2%
0.10 to, but not including, 0.30	3%
0.30 to, but not including, 0.60	4%
0.60 and over	5%

13. (a) (i) Ounces of Gold Recovered Per Ton of Crude Ore shall mean the aggregate amount of troy ounces of gold recovered by the smelter, refiner or other purchaser (the "Purchaser") from precipitates, ore, or concentrates or metals derived therefrom ("Substance") shipped by or on behalf of Grantee to the Purchaser in any Production Year, divided by the aggregate number of short tons of crude ore mined, removed from the Property, and which yielded the Substance which was shipped to the Purchaser by or on behalf of Grantee during such Production Year.

(11) The aggregate amount ofroyalton recovered by the Purchaser from Substance shipped to Grantee to the Purchaser in any Production Year shall be the amount set forth in the settlement sheets or any other statements serving a similar purpose as settlement sheets delivered to Grantee by the Purchaser with respect to Substance shipped to the Purchaser in such Production Year.

(b) Production Year shall mean each 12-month period included in the term hereof commencing on the first day of the month in which Substance is first shipped to the Purchaser. In case the period ending on the termination of the Lease Agreement and beginning on the first day of the month following the end of the immediately preceding Production Year is less than 12 months, such period shall be considered a Production Year.

(c) Net Smelter Returns Per Quarter shall mean the aggregate of all payments received by Grantee from Purchaser in each three calendar month period included in the term hereof (the "Quarter") for Substance mined and value drawn from the Property (prior to deduction of the royalty provided for herein) less (1) any and all charges or deductions made by the Purchaser as shown on the settlement sheets (or any other statements serving a similar purpose as settlement sheets) delivered to Grantee by Purchaser and (11) the

actual cost and expenses of transporting the Substance to the Purchaser. For purposes of this subparagraph (c) and Paragraphs 14 and 15, the term of this Lease Agreement shall be deemed to commence on the first day of the month in which the Effective Date is included.

13A. In the event Grantee shall determine in his sole judgment to recover from the Property minerals other than gold (the "Other Mineral") contained in crude ores for sale or use in commercial quantities, the royalty payable with respect to such Other Mineral for any Production Year shall be the same percentage of Net Smelter Returns Per Quarter as is applicable with respect to gold.

14. (a) Except as provided in Paragraph 12(a), royalty payments due hereunder shall be due within thirty (30) days after the close of each Quarter; provided that in the event the arrangement between Grantee and the Purchaser provides that the Purchaser may pay the appropriate royalty directly to the Owner, there shall be subtracted from the amounts payable by Grantee the amounts so paid by the Purchaser; and further provided that any failure by the Purchaser to pay the royalty payable hereunder shall not relieve Grantee of his obligation to make such payments.

(b) Subject to the provisions of Paragraph 14(d), during the First Estimation Period included in the term hereof the parties agree that the applicable Percentage of Net Smelter Returns Per Quarter shall be 3%. Subject to the provisions of Paragraph 14(d) the Percentage of Net Smelter Returns Per Quarter to be paid during each Estimation Period thereafter shall be the applicable percentage as set forth in Paragraph 12 corresponding to the actual amount of Ounces of Gold Recovered Per Ton of Crude Ore, for the Production Year immediately preceding such Estimation Period.

(c)(i) The First Estimation Period shall mean the period commencing on the first day of the month in which Substance is first shipped to the Purchaser and ending eighteen months thereafter.

(ii) All other Estimation Periods shall mean each twelve-month period included in the term hereof commencing on the first day of the month following the end of the First Estimation Period.

(d)(i) In the event that for any Production Year it shall be determined that an underpayment (the "Underpayment") has been made to the Owner by reason of the fact that the actual Ounces of Gold Recovered Per Ton of Crude Ore would require payment of a Percentage of Net Smelter Returns Per Quarter which is more than the percentage utilized during the First Estimation Period or other Estimation Period, as the

...subject to paragraph 4(e) the amount of such underpayment shall be payable by Grantee to the Owner in one or several monthly installments commencing on the first day of the month following such determination.

(ii) In the event that for any Production Year it shall be determined that an overpayment of royalties ("Over Payment") has been made to Owner by reason of the fact that the actual amount of Ounces of Gold Recovered Per Ton of Grade Ore would require payment of a Percentage of Net Smelter Returns Per Quarter which is less than the percentage referred to during the First Estimation Period or other Estimation Period, as the case may be, subject to Paragraph 4(a), such overpayment shall be credited against and deducted from the next succeeding royalty payments otherwise due Owner.

(e) Within 180 days following the expiration or termination of the Lease Agreement the remaining amount of any Over Payment which have not been credited against and deducted from royalty payments shall be due and payable by Owner to Grantee and the remaining amount of any Underpayment shall be due and payable by Grantee to Owner, including any Over Payment or Underpayment for the Production Year ending on the date of expiration or termination of the Lease Agreement.

15. Grantee shall render a quarterly report within thirty (30) days following the end of each Quarter setting forth pertinent information relating to ores and minerals mined, if any, and Substance shipped and shall also deliver copies of all smelter returns and settlement sheets and statements from other purchasers received by him during such Quarter.

16. Grantee will hold Owner harmless and fully indemnified against all claims and demands of every character and nature which may be made upon Owner on account of any actions or omissions by Grantee under this Lease Agreement.

17. Grantee agrees to permit a duly authorized agent or representative of Owner at all reasonable times when accompanied by a representative of Grantee, but at Owner's risk, to enter into and upon the Property and the workings thereon and therein for the purpose of examining, inspecting, surveying and taking such samples as such representative or agent may desire, and to permit Owner and its agents or representatives who are authorized in writing at all reasonable times to have access to all records of ore production from the Property, and such other records as will show compliance on the part of Grantee with the provisions of this Lease Agreement.

18. This Lease Agreement may be transferred, assigned, sublet, pledged or otherwise disposed of, in whole or in part, by Grantee without any consent of Owner.

19. No equipment, tools, machinery, improvements or personal property of any nature or description brought, constructed or placed on the Property by Grantee shall become a fixture, but all such equipment, structures, improvements and other property shall remain the property of Grantee subject to removal by Grantee. Grantee shall be entitled to remove all such equipment, tools, machinery, structures, improvements and personal property from the Property at such times as he shall deem appropriate but not later than twenty-four (24) months after the expiration or termination of this Lease Agreement.

20. (a) Owner shall have the right to continue to use the Property for agricultural and timber cutting purposes so long as such use shall not interfere with Grantee's mining operations.

(b) Owner further reserves ownership in all merchantable saw timber which may be cut or removed in the course of the mining operations hereunder.

21. Grantee shall not be liable for any damage to the Property incurred in connection with mining operations conducted hereunder, nor shall he be required to restore

the surface or the subsurface before or after expiration of this Lease Agreement; provided, however, that to the extent not inconsistent with the conduct of the mining operations hereunder Grantee agrees to make reasonable attempts to minimize the damage to any agricultural facilities or residential facilities located on the Property; and further provided that Grantee agrees to pay Owner the fair market value of all timber or crops destroyed by Grantee in connection with mining operations conducted hereunder.

22. Grantee shall pay all property taxes levied and assessed after the Effective Date and prior to the termination of the Lease Agreement on any improvements placed on or in the Property by Grantee.

23. Notwithstanding any provision which may be contained in this Agreement which may be construed to the contrary, Grantee shall have the absolute right to terminate this Lease Agreement upon thirty (30) days advance written notice, in which event Grantee shall be released, relieved and discharged of and from any further obligation hereunder.

24. This Lease Agreement shall terminate without any other action upon the Closing of the sale of the Property as hereinafter set forth in Section D.

25. Grantee may suspend any operations hereunder whenever in his sole judgment economic conditions do not justify continuance and also as a result of any "force majeure", and this Lease Agreement shall not terminate as a result of such suspension and the term hereof shall be deemed extended for a period equal to the period of such suspension. The term "force majeure" as used herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of public enemy, blockages, wars, insurrections, or riots; epidemics; landslides, earthquakes, fires, storms, floods, or washouts; arrests, title disputes, or other litigation; governmental restraints, either federal or state, civil or military; civil disturbances; explosions; inability to obtain necessary materials, supplies, labor, or permits due to existing or future rules, regulations, orders, laws, or proclamations, either federal or state, civil or military; and other causes beyond the control of Grantee.

D. Purchase Option

1. Owner hereby grants to Grantee the exclusive right and option (the "Purchase Option") for a period (the "Option Period") commencing on the date hereof and ending

ten (10) years from the date hereof to purchase the Property, including all improvements thereon, all rights therein and including, without limitation, all minerals and ores of any kind contained thereon or therein; provided that in the event the option to renew set forth in Section B, Paragraph 2 is timely exercised, the Option Period shall end twelve (12) years from the date hereof; and provided further, however, that in the event the Notice of Exercise as set forth in Paragraph 2 of Section C above is not timely delivered, the Option Period shall terminate on the Expiration Date or the expiration of the Renewal Period (if any) whichever shall occur later, as set forth in Section B, Paragraph 2 above.

2. In consideration of the grant of the Purchase Option, Grantee hereby pays to Owner ^{\$1,400.00} ~~\$350.00~~, receipt of which is hereby acknowledged.

3. Grantee may elect to exercise the Purchase Option at any time within the Option Period by delivery to Owner of written notice of such election, in which notice Grantee shall fix a date not less than sixty (60) or more than ninety (90) days after the date of such notice on which the sale of the Property shall be closed. On delivery of such notice this Purchase Option shall constitute a contract of purchase whereby Owner agrees to sell and convey such Property and Grantee agrees to purchase the same subject to proof of good, clear and merchantable title for the purchase price and on the terms contained herein.

4. The purchase price for the Property shall be \$2,500.00 for each acre of land which is being purchased, and in the event the amount of acres being purchased is not a round number, the purchase price shall be appropriately pro-rated.

5. (a) Within thirty (30) days after receipt of written request therefor by Grantee, Owner agrees to deposit in escrow with Bankers Trust Company of South Carolina or such other bank in South Carolina as Grantee may designate (the "Escrow Agent") a good and sufficient deed (the "Escrow Deed") with a full warranty of title conveying to Grantee good, clear and merchantable fee simple title to all the Property including, without limitation, the improvements thereon and the minerals and ores located therein, free and clear of all liens and encumbrances, together with written instructions to the Escrow Agent substantially as follows:

(i) In the event of the timely exercise by Grantee of this Purchase Option, the Escrow Agent shall deliver the Escrow Deed to Grantee at the Closing as hereinafter defined.

(ii) Such Escrow Deed shall be delivered against receipt of a check in payment of the purchase price payable hereunder.

(iii) In the event Grantee is purchasing less than all of the Property, the Escrow Agent shall not

deliver the Escrow Deed unless it has received a quitclaim deed from Grantee transferring to Owner that portion of the Property not being purchased.

(iv) Promptly following the termination of the Option Period, in the event the Purchase Option has not been timely exercised prior thereto, the Escrow Agent shall return the Escrow Deed to Owner, and Grantee agrees to execute such documents as may be reasonably necessary in this connection.

(v) The parties agree to execute such other documents and agreements as the Escrow Agent may reasonably require and agree that the expenses of the Escrow Agent shall be paid one-half by Owner and one-half by Grantee.

(b) Promptly on receipt of notice of election to exercise this Purchase Option, Owner shall furnish Grantee an abstract of title (whether or not such an abstract has previously been furnished to Grantee) prepared by a competent abstracter showing good, clear and merchantable title to the Property, brought down to the date of the notice. Grantee shall have thirty (30) days to examine such abstract. If the abstract is not delivered within forty-five (45) days before the Closing Date set in the notice of election, the Closing Date shall be extended until forty-five (45) days after delivery of such abstract. If Owner fails to deliver such abstract within ten (10) days after receipt of the notice, Grantee shall have the right to procure such abstract at Owner's expense; provided that Grantee shall pay for any abstract requested by him hereunder in excess of one.. If the abstract, whether

furnished by Owner or procured by Grantee, shows correctable defects in title, Owner agrees to cure the same at its own expense. If Owner fails to do so, Grantee shall have the right to initiate and conduct in Owner's name such proceedings as may be necessary for the correction of such defects and Grantee shall be authorized to use Owner's name in any court proceeding necessary to make such title good, clear and merchantable. Any expense incurred by Grantee in such proceedings shall be paid by Owner or, if not so paid, may, at the option of Grantee be paid by it and credited to the purchase price of the Property. The Closing Date shall be extended until thirty (30) days after all correctable defects in title are cured whether such cure is by action of Owner or Grantee. If Grantee is of the opinion that any defect in Owner's title cannot be corrected, Grantee shall (without affecting any other rights he may have as a result thereof) have the right to cancel the agreement to purchase the Property.

6. (a) On the Closing Date if for any reason the Escrow Deed is not delivered as provided in Paragraph 5, Owner agrees to make, execute and deliver to Grantee a good and sufficient deed (the "Deed") with a full warranty of title conveying to Grantee the good, clear and merchantable fee simple title to all of the Property including, without limitation, the improvements thereon and the minerals and ores located therein, free and clear of all liens and encumbrances or shall cause the Escrow Agent to deliver the Escrow Deed as in Paragraph 5 above, and Grantee agrees to pay the purchase price therefor.

(b) The Closing shall take place at such lo-

7. On delivery of the Deed or the Escrow Deed, as herein provided, Owner agrees forthwith to surrender possession of the Property to Grantee.

8. Taxes shall be pro-rated as of the Closing Date.

9. This Purchase Option may be assigned by Grantee without the consent of Owner.

E. Miscellaneous

1. Whenever requested to do so by Grantee, Owner shall execute counterparts or abstracts or a memorandum of this Agreement or any one or more of the Exploration License, Lease Agreement or Purchase Option, or any escrow arrangements made pursuant to Section D, in order to place of record Grantee's rights and interests in the Property under this Agreement. This Agreement, Exploration License, Lease Agreement and Purchase Option shall be deemed covenants running with the land. The recording counterparts, abstracts or memorandum shall be prepared by Grantee, and shall contain or describe those terms and provisions of this Agreement, the Exploration License, Lease Agreement or Purchase Option or escrow arrangements which Grantee deems necessary in order to comply with the applicable recording laws of the State of South Carolina. All statutory recording fees shall be paid by Grantee.

2. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of South Carolina.

3. (a) Disputes under this Agreement shall be submitted to and settled in accordance with the rules and regulations of the American Arbitration Association in Columbia, South Carolina.

(b) In the event that it is determined pursuant to such arbitration that Grantee is in default hereunder, Grantee shall have sixty (60) days thereafter to cure such default or if such default cannot be cured, to commence to conduct itself in compliance with this Agreement.

4. All notices or communications of any kind shall be given, registered mail return receipt requested as follows:

If to Owner:

Jennings Gary Dorn
P. O. Box 36
McCormick, South Carolina 29835

If to Grantee:

c/o William Randolph Morin
P. O. Box 36
Bradley, South Carolina

or in each case, to such additional or other addresses which may be designated in writing by the parties to whom such notice is given.

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Notices and communications shall be deemed delivered at the expiration of 24 hours from the time deposited in the United States mail addressed to the party at the designated address with full postage prepaid, registered mail return receipt requested.

5. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the other provisions and the Agreement shall be construed in all respects as if any invalid or unenforceable provisions were omitted.

6. Whenever from the context, it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in either the masculine, the feminine, or the neuter gender shall include the masculine, feminine and neuter.

7. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, executors, administrators, representatives and assigns.

8. This Agreement may not be modified, changed or terminated (other than pursuant to its terms) except in

writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

Witnessed:

[Handwritten signature]
[Handwritten signature]

[Handwritten signature]
~~*[Handwritten signature]*~~
Jennings Gary Dorn

MCCORMICK DRILLING AND
EXPLORATION COMPANY

By: *[Handwritten signature]*
Partner

In consideration of the foregoing, Virginia M. Dorn, wife of Owner hereby (i) signs this Agreement in order to acknowledge her agreement to the foregoing and to join in any deed to be delivered pursuant to this Agreement and (ii) hereby releases and quitclaims to Grantee all rights of dower and of homestead that she may have or acquire in the Property and (iii) agrees to execute any documents which counsel to Grantee deems necessary to confirm subsections (i) and (ii) above.

[Handwritten signature]
Virginia M. Dorn

Accepted and Agreed with
Respect to Section A(3)

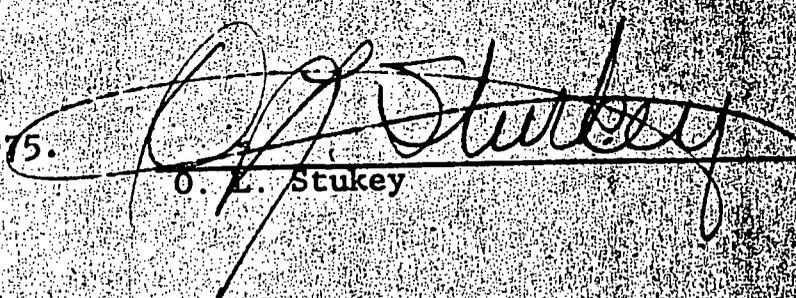
William R. Morin

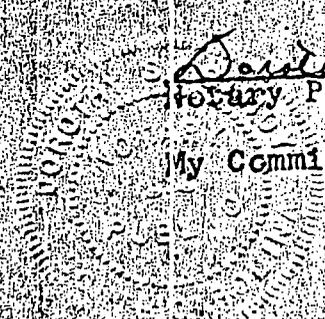
State of South Carolina)
County of McCormick)

PROBATE

PERSONALLY comes before me O. L. Sturkey
who, being duly sworn, says: that he saw the within
named Jennings Gary Dorn and William Randolph Morin,
Partner of McCormick Drilling and Exploration Company,
sign, seal, and, as their act and deed deliver the within
written Agreement and that he with Dorothy S. Bandy
witnessed the execution thereof.

Sworn to before me this
30th day of January, 1975.


O. L. Sturkey



Dorothy S. Bandy
Notary Public for South Carolina

My Commission Expires: 11-21-79.

SCHEDULE A

Tract A:

ALL that piece, parcel or tract of land, situate, lying and being in the County of McCormick, State of South Carolina, being known as the Red Hill Prospect (Rufus ~~300~~ Miner Tract), containing THREE HUNDRED SIXTY (360) ACRES, more or less, and being BOUNDED: on the North by lands of James M. Dorn, the McClain Estate, and by McCormick Investment Company; on the East by South Carolina Highway No. 28, by Mrs. Dolly Jean Franklin, by C. W. Miller, Inc. and by Piedmont Oil Company; on the South by Piedmont Oil Company, South Carolina Road S-33-30, lands of Archie Lewis, and lands of Jack Gantt, et ux; on the Southwest by lands of Canal Wood Corporation; on the West by other lands of J. G. Dorn, known as the Jennings Mine Tract (a branch being the line) and by lands of Scott Timber Company, et al. This is the remainder of a 426 acre tract of land by deed conveyed from J. Frank Mattison, Master to Jennings Gary Dorn, said deed being dated May 3, 1939, and recorded in the office of the Clerk of Court for McCormick County, South Carolina, in Deed Book 9, at Page 265.

EXCEPTING AND RESERVING a lot or strip of land, consisting of 1 acre, more or less, BOUNDED: on the North by C. W. Miller; on the East by South Carolina Highway No. 28; on the South by Piedmont Oil Company and on the West by J. G. Dorn.